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Special Assistant to the AD/RR

7 November 1956

Deputy Chief, Industrial Division, ORR

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Conversations with [REDACTED] of [REDACTED]

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1. On 2 November [REDACTED] discussed the costing of the Soviet Military program with Messrs. [REDACTED]

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2. [REDACTED] suggested that the military program projected by the services in NIE 11-4-55 (overall Soviet estimate) were unrealistically large, and therefore, the military expenditures implied in this program through 1960 were too high. Rather than Soviet military expenditures growing at approximately the same rate as GNP, he expected them to remain approximately constant or grow slightly in an absolute sense. He suggested that CIA ignore the services' estimates and construct and cost a "more realistic" estimate of the Soviet military program.

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3. He asked for costing factors and a "divisional slice" basis so that [REDACTED] could use these data in costing its estimate of the Soviet military programs. We informed him that although such a value could be derived for some types of ground force units, the change in the composition and equipment of many other types of units necessitated a different set of factors for each year. He was told that this information is not now organized in sufficient detail and in any one document for easy dissemination. Actually, the document (Project 10.975) is classified "Background Use Only" and "Noform" and could not be disseminated or easily sanitized for his use. I stated that if time permitted and if the [REDACTED] estimates which we receive were in sufficient detail we might try costing them just to see how the implied expenditures looked.

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4. We expressed some doubts as to the aircraft wastage factors which were used in Project 10.975 and asked his opinion. He said that he would inquire about the [REDACTED] estimates on this subject and that he would send us anything he thought useful.

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